Planning, Programming, Budgeting & Execution And Budget Exhibits

Siobhan Tack
Bldg 206 Rm 61C
703-805-4449
Siobhan.tack@dau.mil

Topics

- • PPBE Building Blocks
- • MID 913
- Phases
- Budget Exhibits

PPBE System Overview

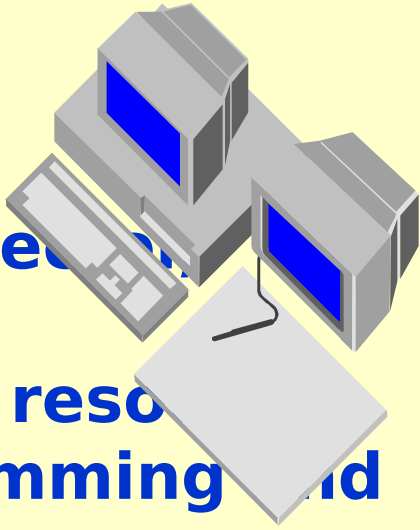
PPBE is the DOD primary resource management system:

- **Articulate the strategy**
- **Size, structure and equip the force**
- **Set programming priorities**
- **Allocate resources**

PPBE Phases

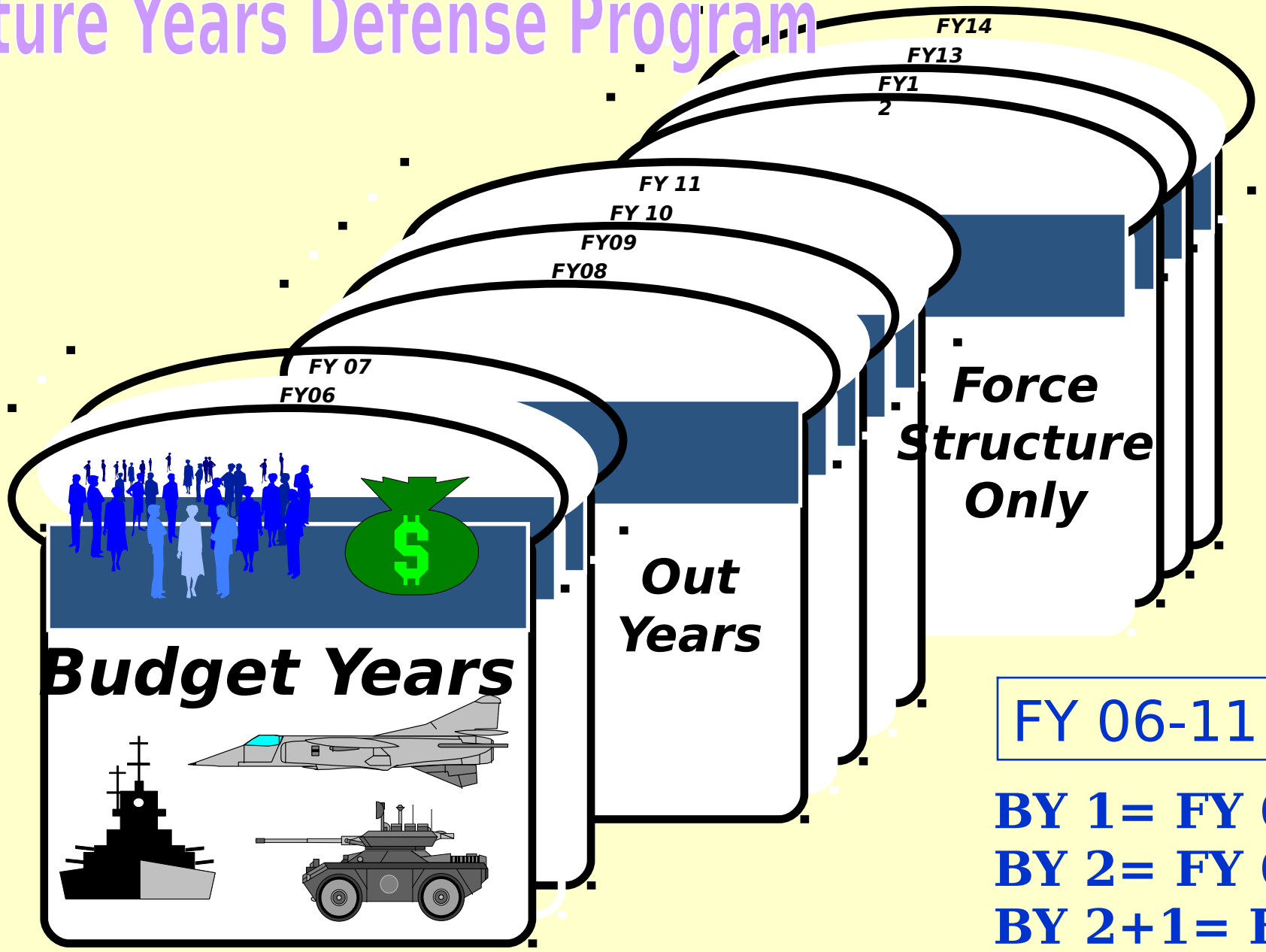
- **Planning**
  - **Assess capabilities / review threat**
  - **Develop guidance**
- **Programming**
  - **Turn guidance into affordable packages**
  - **6-year program (Future** Years Defense Program)
- **Budgeting**
  - **Prepare defensible budget**
  - **Scrub budget years**
  - **Test for efficient funds execution**
- **Execution (concurrent with P/B review)**
  - **Develop performance metrics**
  - **Assess actual output vs. planned performance**
  - **Adjust resources to achieve desire performance goals**

Future Years Defense Program (FYDP)



- **Computer Data Base maintained by Direc… PA&E**
- **Contains approved force structure and reso…**
- **Records decisions made during programming and budgeting**
- **Contains eleven years: PY, CY, BY1, BY2,+ 4 Out-years (as in the POM) + 3 Additional years for force structure only**
- **Officially updated four times during cycle**
  - **Program / Budget Input – Aug/Sep**
  - **President's Budget - Jan/Feb**

Future Years Defense Program

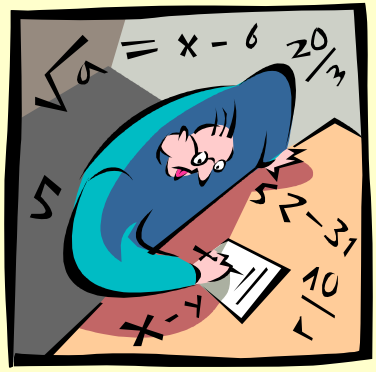


FY 06-11

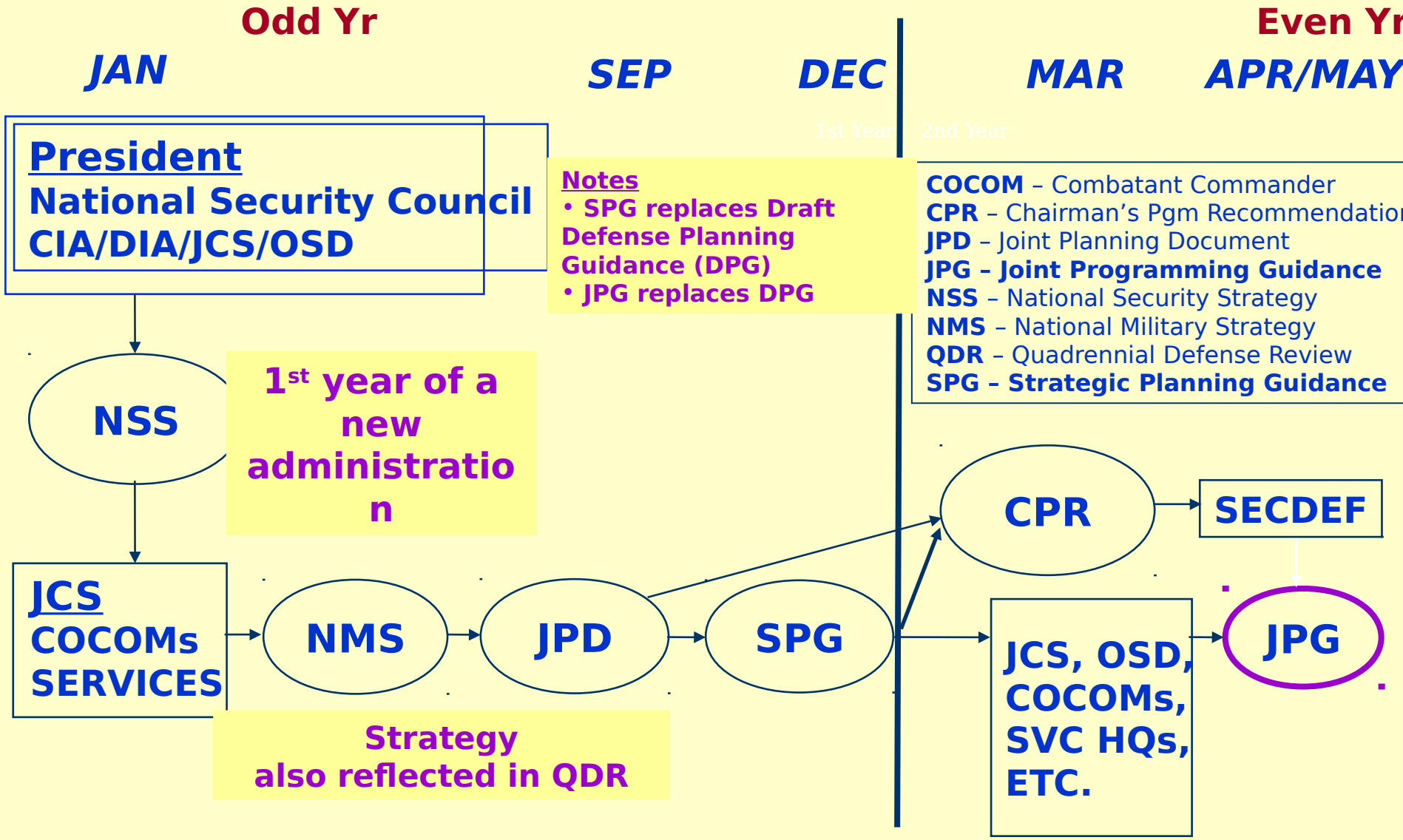
BY 1= FY 06
BY 2= FY 07
BY 2+1= FY 0

Management Initiative Decision (MID) 913

- **<u>Major Initiatives</u>:**
- **Quadrennial Defense Review (QDR) shifted to the second year of a new administration**
- **Off-year SPG/JPG is optional (at the discretion of SecDef); will not introduce major changes in off-year**
- **Move to a two-year budget cycle**
- **Program and budget data to merge into a single standardized system**
- **Focus on execution and performance in the off-year**



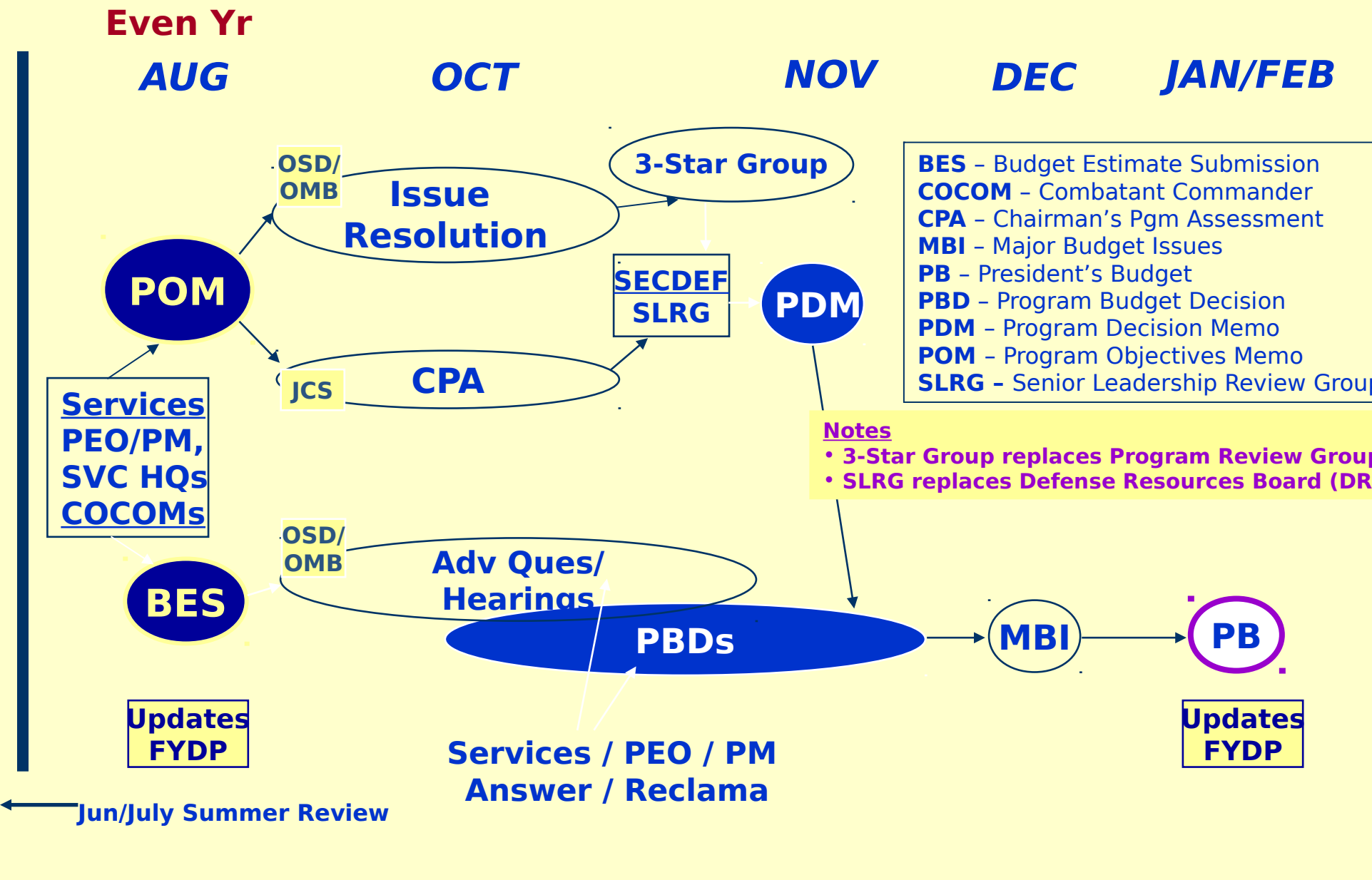
Planning Phase



MID 913

- Changes to Program/Budget Review:
- Transition to a biennial process
- Incorporate metrics and cost models
  - Focus on outputs: what are we getting for our money?
- Over time, metrics will become the analytical underpinning to ascertain whether the appropriate allocation of resources exists

Concurrent Program/Budget Review



FY 2005 - 2009 Submission

- No DPG-05
  - Components comply with DPG-04 and PDM direction
- No FY05-09 Program Objective Memorandum (POM) or Budget Estimate Submission (BES) submittal
- Components instead submit Program Change Proposals (PCPs) or Budget Change Proposals (BCPs)
  - Both BCPs and PCPs will be cost neutral (i.e. offsets required)
  - PCPs resolved thru Program Decision Memorandums (PDMs)
  - BCPs resolved thru Program Budget Decisions (PBDs)

Program Change Proposals - PCPs

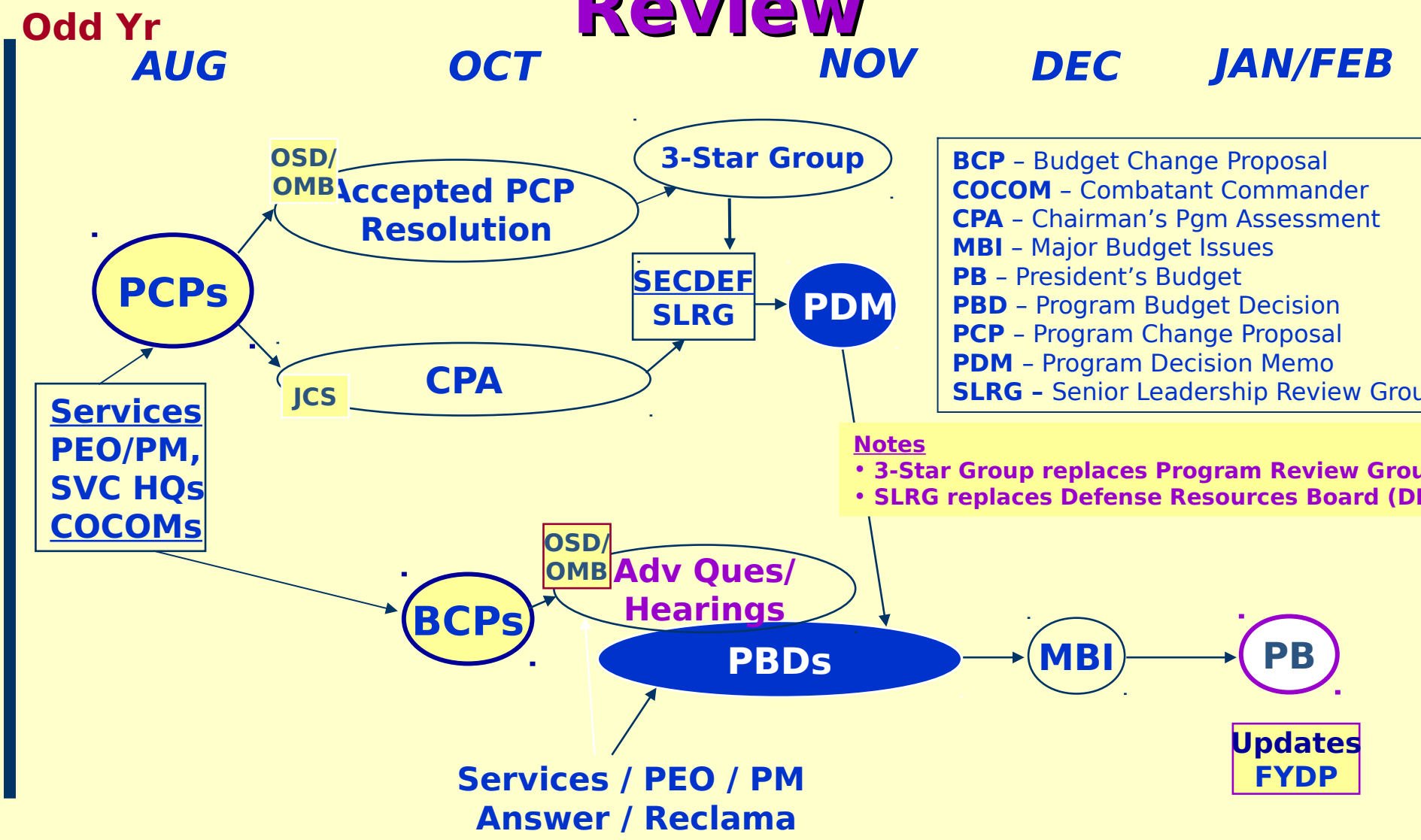
- Identify areas to take additional risk (offsets)
- Limited to items that exceed $250 million across FYDP
  - PCPs may accommodate smaller issues if serious programmatic problem
  - If less than $250 million, may submit as BCP if budget year is affected
- Must not propose changes to PDM decisions without specific prior approval from the Deputy Secretary
- Combatant Commanders may submit up to six prioritized PCPs regardless of dollar value

Budget Change Proposals - BCPs

- Include fact-of-life changes:
  - Cost increases
  - Schedule delays
  - Management reform savings
  - Workload changes
  - Funding execution experience
  - Congressional action

- May involve FYDP years if total cost is less than $250 million and budget year is affected
- Backed up with appropriate budget exhibits
- BCPs will be cost neutral (i.e. offsets required)

Off-Year Program/Budget Review



Four Years in the Biennial Cycle Corresponding to Four-Year Presidential Terms

Year 1: FY 07-11

Early National Security Strategy (NSS)
Off-year SPG/JPG as required (at discretion of SECDEF)
Limited Changes to Baseline Program

Year 2: FY 08-13

Quadrennial Defense Review (QDR) – Aligned with PB submission in second year of an administration
Fiscal Guidance Issued
On-year SPG/JPG (implementing QDR)
POM/BES Submissions

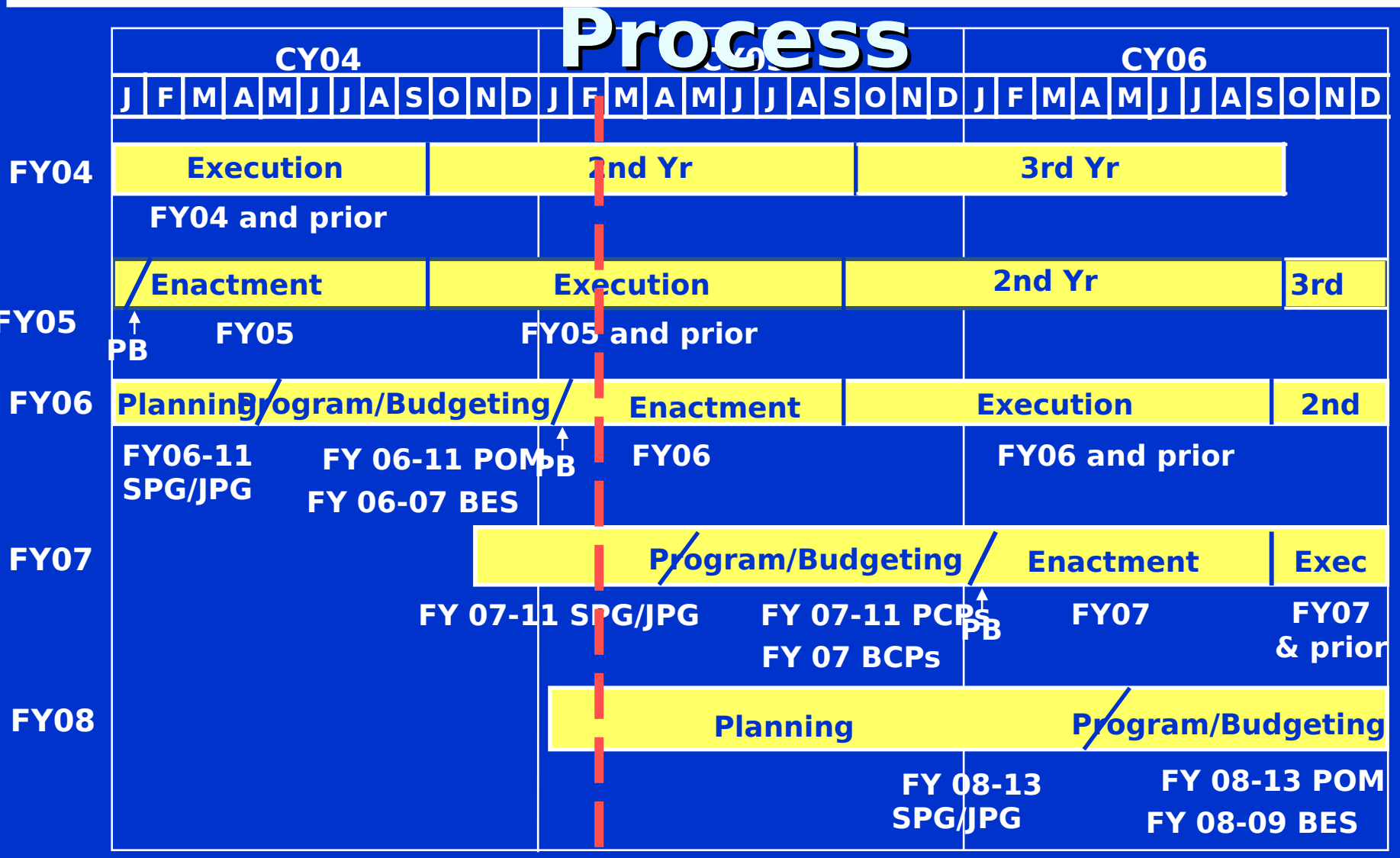
****Year 3: FY 05-09 (FY 09-13)**

Off-year SPG/JPG as required (at discretion of SECDEF)
Limited Changes to Baseline Program

Year 4: FY 06-11 (FY 10-15)

Fiscal Guidance Issued
On-year SPG/JPG (refining alignment of strategy and programs)
POM/BES Submissions

Resource Allocation Process



SPG – Strategic Planning Guidance Memorandum
JPG – Joint Programming Guidance
POM – Program Objective
BES – Budget Estimate Submission
PCP – Program Change Proposal
BCP – Budget Change Proposal

Budget Exhibits Overview

RDT&E

R-1 RDT&E Summary Sheet

R-2 RDT&E Budget Item Justification Sheet

R-3 Program Element / Project Cost Breakdown

R-4 Schedule Profile

Procurement

P-1 Procurement Summary Sheet

P-40 Budget Item Justification She

P-5 Weapon System Cost Analysis

P-5A Procurement History & Planning

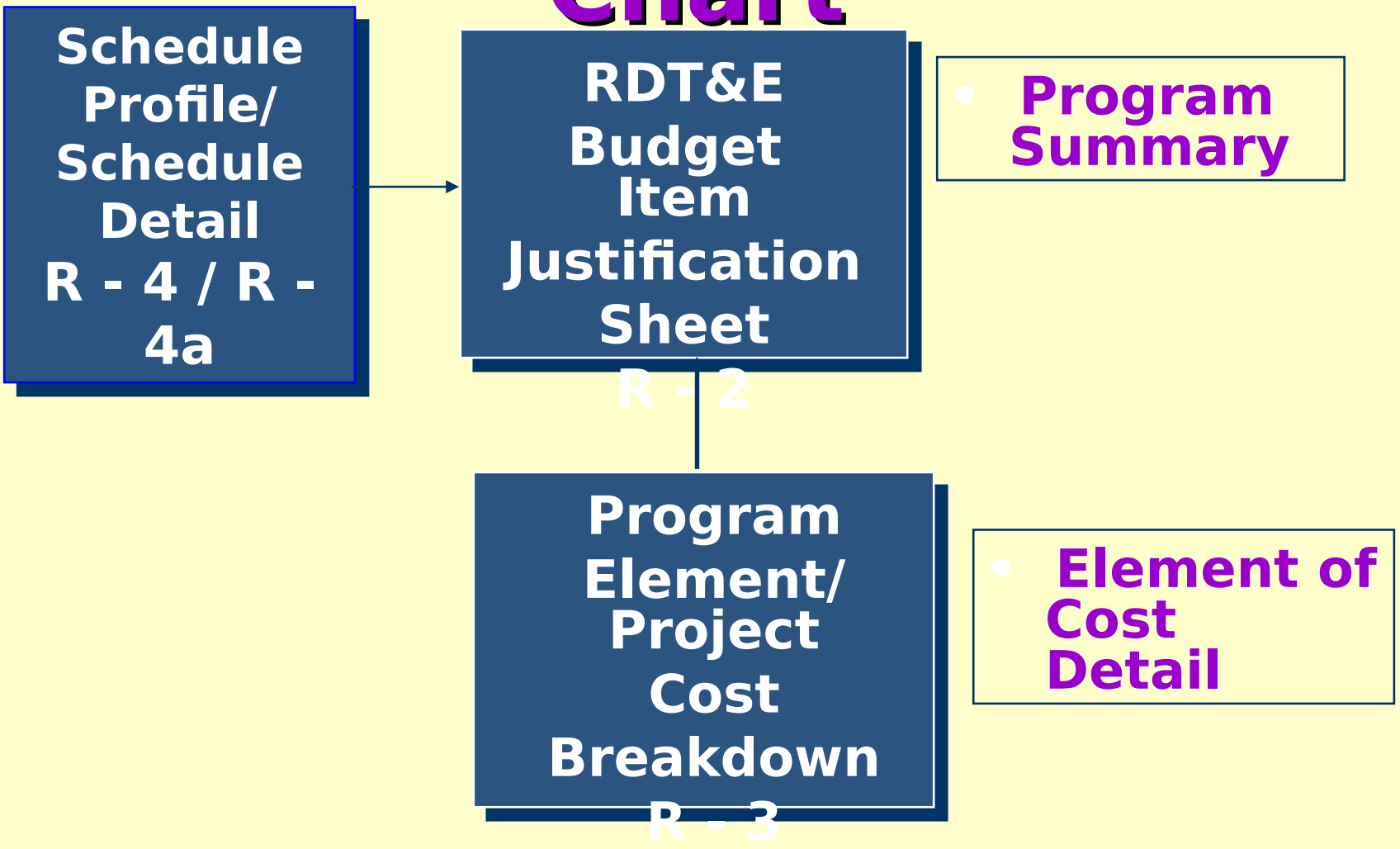
P-21 Production Schedule

Documentation

Why Should I Care?

- Accompany President's Budget to Congress
- Budget Decisions are based on Documentation Content
  - Whether the Data is Right or Wrong
- If Confusing, Inaccurate, or Inconsistent
  - The Program will Lose Funds
- What to Understand?
  - Link to other Documents
  - Budget Review Techniques
  - Perspective at Service Headquarters, OSD, and Congress

R - Form Flow Chart


Schedule Profile/ Schedule Detail R - 4 / R - 4a
RDT&E Budget Item Justification Sheet R - 2
Program Summary
Program Element/ Project Cost Breakdown R - 3
Element of Cost Detail

RDT&E BUDGET ITEM JUSTIFICATION SHEET
(EXHIBIT R-2)

DATE: **Set by Higher HQ**

APPROPRIATION/BUDGET ACTIVITY

Proper Appropriation & Budget Activity?

PE NUMBER AND TITLE

Full & proper name? Program Element correct?

COST ($ M TY)	FY (PY) ACTUAL	FY (CY) ESTIMATE	FY (BY1) ESTIMATE	FY (BY2) ESTIMATE	FY (BY2+1) ESTIMAT	FY (BY2+2) ESTIMAT	FY (BY2+3) ESTIMAT	FY (BY2+4) ESTIMAT	COST TO COMP	TOTAL COST
Total (PE) COST	100.0	350.0	50.0	125.0	150.0	0.0	0.0	0	0	775.0
Project	100.0	350.0	50.0	125.0	150.0	0.0	0.0	0	0	775.0
Quantity of RDT&E Articles				8	8					16

TOTAL PROGRAM COSTS

EIGHT YEARS OF FUNDING (BY FISCAL YEAR) & COST TO COMPLETE

A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:

Is it in simple language? Can a person not familiar with your program or service understand it?
Is the description consistent with the program's current status?
Does it state with what other system it interfaces?
Does it cover the two budget years? Out years need not be addressed in this section.
Does the narrative fully explain the operational impact if the program is not approved?

FY PY Accomplishments: ***Did you accomplish what you planned to do, as stated in the previous submission?***

FY CY Planned Program: ***Is the plan this year consistent with the plan stated in the previous submission?***
Have you properly explained carry-over funds from the previous year?

FY BY1 Planned Program: ***What is your plan & does it match the funds requested?***

FY BY2 Planned Program: ***What is your plan & does it match the funds requested?***

Are the page #s correct for the total package?

Are the page #s correct for this R Form?

RDT&E BUDGET ITEM JUSTIFICATION SHEET (EXHIBIT R-2)

DATE: **Set by Higher HQ**

APPROPRIATION/BUDGET ACTIVITY	PE NUMBER AND TITLE
Proper Appropriation & Budget Activity?	*Full & proper name? Program Element correct?*

B. PROGRAM CHANGE SUMMARY: *What has changed since last year?*

C. OTHER PROGRAM FUNDING SUMMARY

FY:	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	TO COMPL	TOTAL COST
Other PMO Vehicle	0.0	5.0	6.0	7.0	8.0	9.0	0.0	0.0	35.0
Other PMO Warhead			3.0	4.0	5.0	6.0	0.0	0.0	18.0

List all programs that support this PE & their funding.

Is this a complete list of the programs that provide support to your program? Does the sum of your project budget and the budgets for the other PMOs equal the total R&D cost for this project?

D. SCHEDULE PROFILE

	FY PY				FY CY				FY BY1				FY BY2
	1	2	3	4	1	2	3	4	1	2	3	4	
PDR													
CDR													
IOT&E													
MSIII													

Provide a simple ... this schedule?

Program Schedule now shown in R-4

Are the page #s correct for the total package? *Are the page #s correct for this R Form?*

RDT&E PROGRAM ELEMENT / PROJECT COST BREAKDOWN (EXHIBIT R-3)	DATE: **Set by Higher HQ**
BUDGET ACTIVITY	R-1 ITEM NOMENCLATURE / PE No / Project No
Proper Appropriation & Budget Activi	***Full & proper name? Program Element & Project correct?***

A. Project Cost Breakdown

	PY	CY	BY1	BY2
Software Development				
Program Management Support	**Display the cost for each element of cost.**			
COE/CHS/Common Support				
Operational Test and Evaluation				
Total				

Do all of the totals match?

B. BUDGET ACQUISITION HISTORY AND PLANNING INFORMATION

Performing Organizations

Product Development

Contractor or Government Performing Activity	Contract Method/Type or Funding Vehicle	Award or Obligation Date	Performing Activity EAC	Program Office EAC	TOTAL PRIOR TO PY	PY	CY	BY1	BY2	Budget To Complete	Total Program
Company	SS or Competitive		400	425	**Display the cost for each organization.**						400.0
Government	Cost or Fixed Type		200	225							175.0

Do the EACs match? Explain if they do not.
Does the contract type make sense? ***Does the budget match the EAC? Explain if not.***

Project A007	PAGE NO 3 OF 4	PAGE NO 1 OF 2

Are the page #s correct for the total package?

Are the page #s correct for this R Form?

RDT&E PROGRAM ELEMENT / PROJECT COST BREAKDOWN

(EXHIBIT R-3)

DATE: **Set by Higher HQ**

BUDGET ACTIVITY	R-1 ITEM NOMENCLATURE / PE No / Project No
Proper Appropriation & Budget Activity?	***Full & proper name? Program Element & Project correct?***

B. BUDGET ACQUISITION HISTORY AND PLANNING INFORMATION

Performing Organizations

Support and Management Organization

Contractor or Government Performing Activity	Contract Method/Type or Funding Vehicle	Award or Obligation Date	Performing Activity EAC	Program Office EAC	TOTAL PRIOR TO PY	PY	CY	BY1	BY2	Budget To Complete	Total Program
Contractor	Contract Type										
Government	MIPR										

Display the cost for each element of cost.

Test and Evaluation Organizations

Do the EACs match? Explain if they do not.

Does the budget match the EAC? Explain if not.

Government	MIPR										
Government	MIPR										

Does the contract type make sense?

SUBTOTAL PRODUCT DEVELOPMENT

SUBTOTAL SUPPORT AND MANAGEMENT

SUBTOTAL TEST AND EVALUATION

Do all of the totals match? Do they add up to the grand total?

Project A007	PAGE NO 4 OF 4	PAGE NO 2 OF 2

Are the page #s correct for the total package?

Are the page #s correct for this R Form?

Exhibit R-4, Schedule Profile | Date: (Month and Year)

Appropriation/Budget Activity | Program Element Number and Name | Project Number and Name

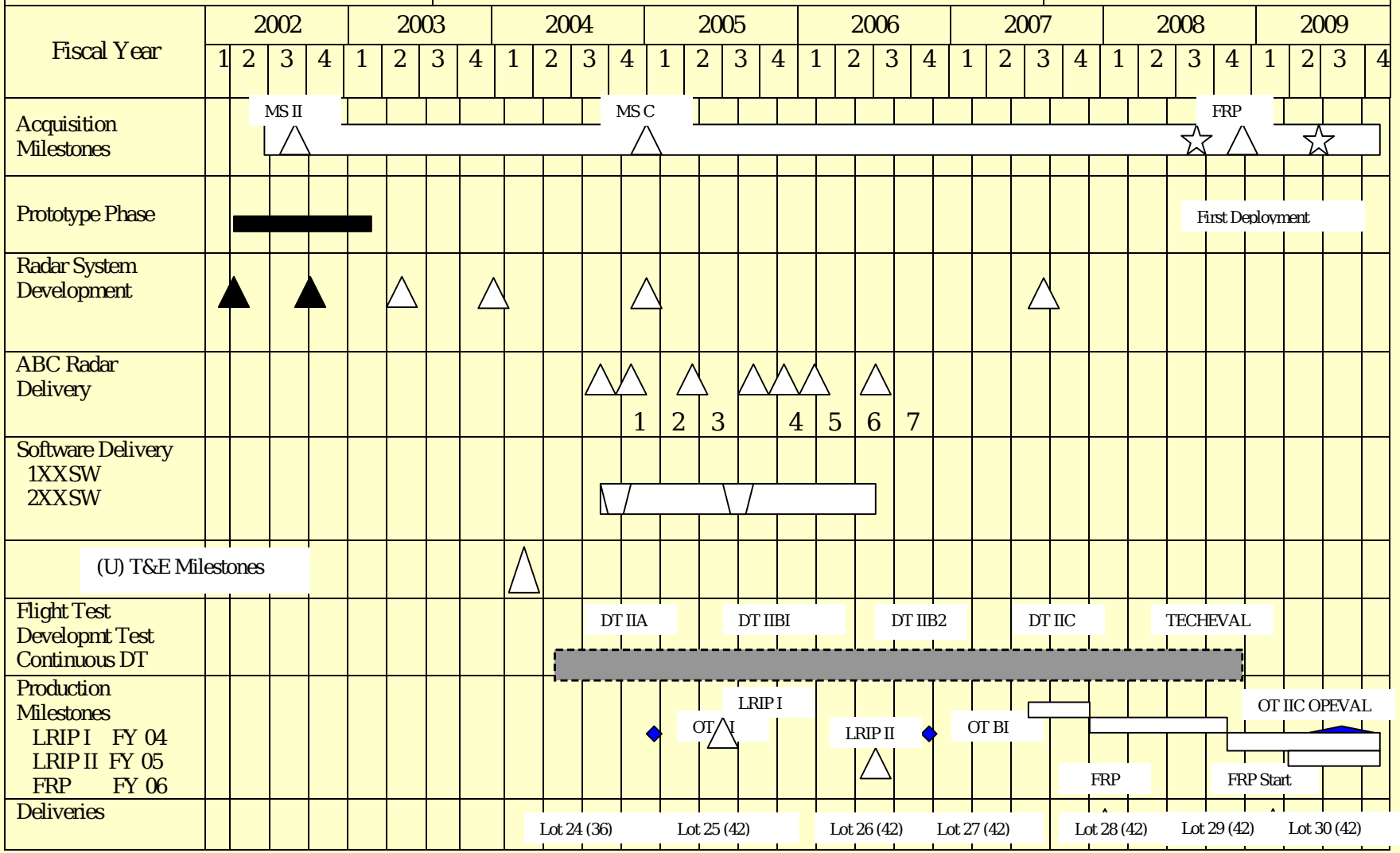
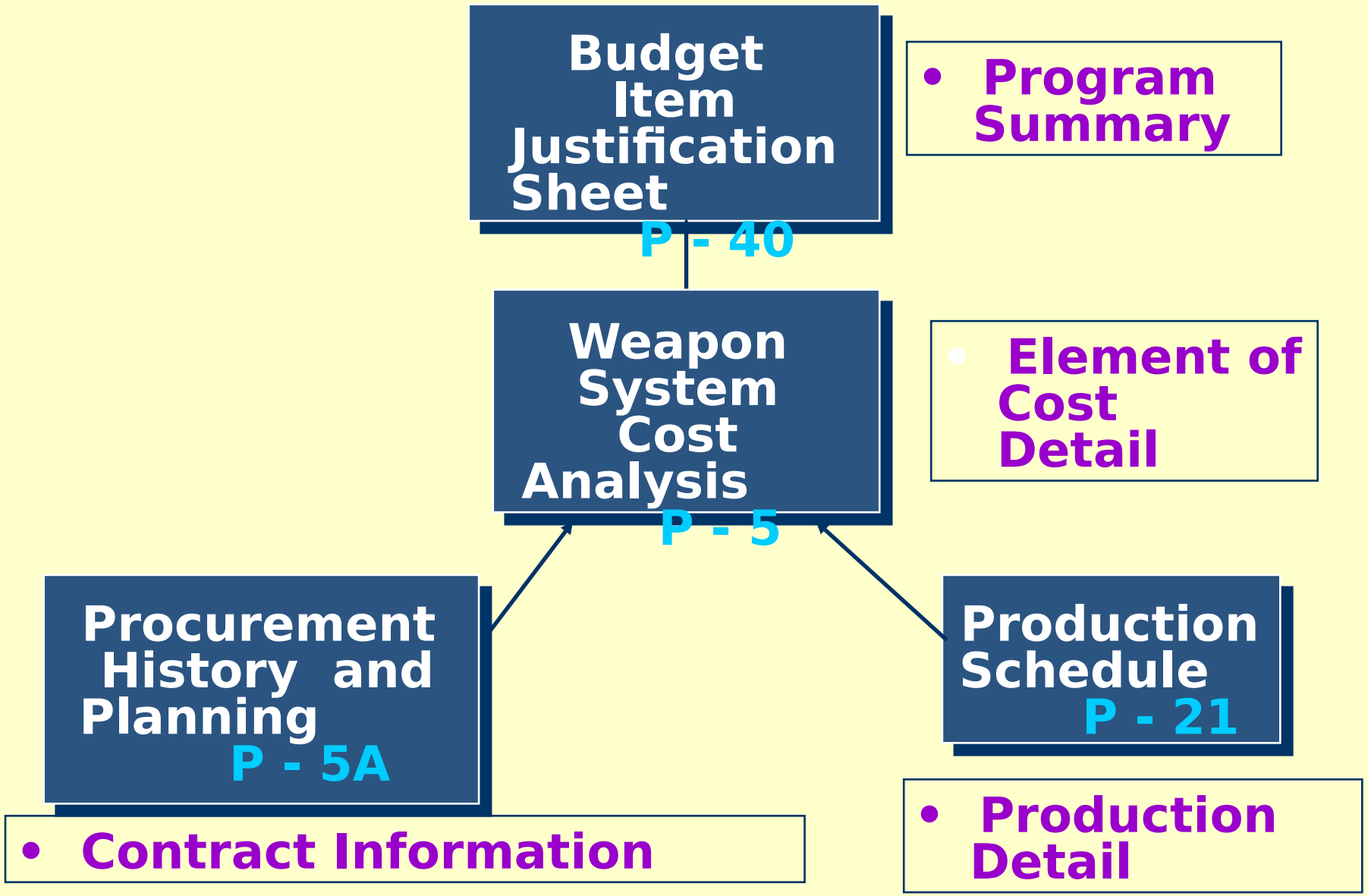


Exhibit R-4a, Schedule Detail		Date: (month/year)
Appropriation/Budget Activity	Program Element Number and Name	Project Number and Name

Schedule Profile	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Contract Preparation	3Q							
System Development		1-2Q						
Quality Design and Build		3-4Q	1-4Q	1-4Q				
Developmental Technical Testing				1-4Q				
Developmental Evaluation				3-4Q				
Etc.								

R-4a Schedule Profile - Item No. 20-4 of 20-4

P - Form Flow Chart



P - 40
PROGRAM SUMMARY

- **Eight year funding / quantity profile**
- **Narrative description of the item**
  - **Nature**
  - **Purpose**
  - **Intended use**
  - **Description**
- **Justification for the budget year procurements**
  - **Impact if not procured**
- **Cooperative agreement narrative**

BUDGET ITEM JUSTIFICATION SHEET

EXHIBIT P-40

Set by higher HQ

DATE:

APPROPRIATION / BUDGET ACTIVITY

Proper Appropriation & Budget Activity?

P-1 ITEM NOMENCLATURE

Full & proper name?

Standard Study Number correct?

	Prior Years	FY (PY)	FY (CY)	FY (BY1)	FY (BY2)	FY (BY2+1)	FY (BY2+2)	FY (BY2+3)	FY (BY2+4)	To Complete	Total Program
Quantity	300	100	150	1,000	200	0	250	250	250	1,000	3,500
Cost (In Millions)	700.0	200.0	300.0	2,000.0	400.0	0.0	490.0	480.0	600.0	2,000.0	7,170.0
Initial Spares (In M)	100.0	25.0	20.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (In Millions)	800.0	225.0	320.0	2,050.0	400.0	0.0	490.0	480.0	600.0	2,000.0	7,170.0
Unit Cost (In M)	2.7	2.3	2.1	2.1	2.0	0.0	2.0	1.9	2.4	2.0	2.0

TOTAL PROGRAM COSTS

EIGHT YEARS OF BY FISCAL YEAR FUNDING & QUANTITIES

Does the funding correspond to a normal profile?
Are there unexplained spikes? Are there gaps in the funding?
Are there too many years or missing years?
Does the cost reflect learning curve?

DESCRIPTION: NATURE, PURPOSE & INTENDED USE

Is it in simple language? Can a person not familiar with your program or service understand it?
Is the description up to date with the program status? Does it state what other system it interfaces with?

JUSTIFICATION: BUDGET YEARS, IMPACT IF NOT PROCURED

Does it cover the two budget years? Out years not required.
Does it explain the impact if it is not procured?

COOPERATIVE AGREEMENT NARRATIVE (IF APPLICABLE)

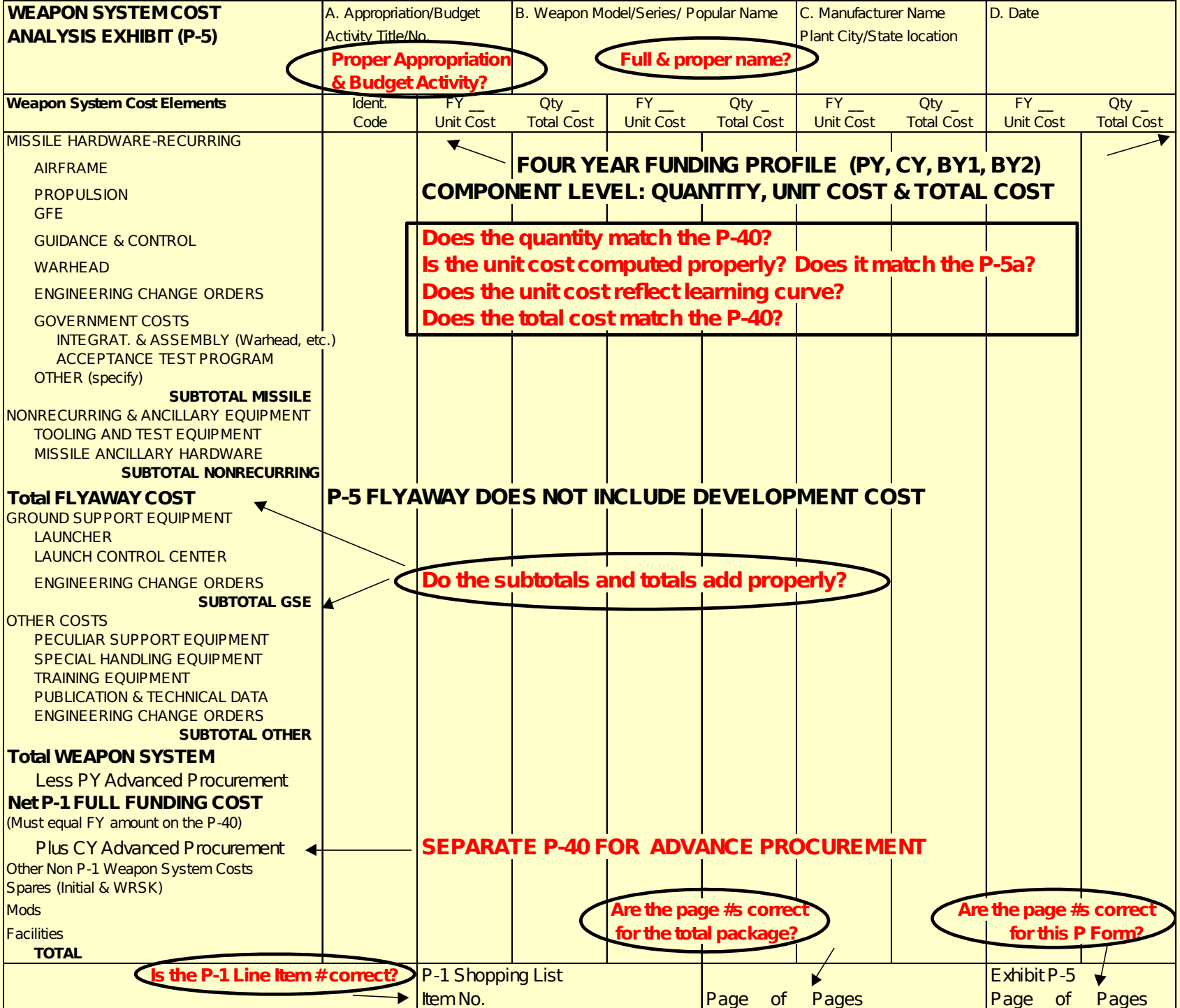
Are the page #s correct for this P Form?

Is the P-1 Line Item # correct?

Are the page #s correct for the total package?

P - 5
WEAPON SYSTEM COST ANALYSIS

- Four year funding / quantity profile
- Funding, unit cost, quantity profile at component element
- Breakdown of the system by
  - Component
  - Recurring cost elements
- Total program cost


WEAPON SYSTEM COST ANALYSIS EXHIBIT (P-5)
A. Appropriation/Budget Activity Title/No.
B. Weapon Model/Series/ Popular Name
C. Manufacturer Name Plant City/State location
D. Date
Proper Appropriation & Budget Activity?
Full & proper name?
Weapon System Cost Elements
Ident. Code
FY __ Unit Cost
Qty _ Total Cost
FY __ Unit Cost
Qty _ Total Cost
FY __ Unit Cost
Qty _ Total Cost
FY __ Unit Cost
Qty _ Total Cost
MISSILE HARDWARE-RECURRING
AIRFRAME
PROPULSION
GFE
GUIDANCE & CONTROL
WARHEAD
ENGINEERING CHANGE ORDERS
GOVERNMENT COSTS
INTEGRAT. & ASSEMBLY (Warhead, etc.)
ACCEPTANCE TEST PROGRAM
OTHER (specify)
SUBTOTAL MISSILE
NONRECURRING & ANCILLARY EQUIPMENT
TOOLING AND TEST EQUIPMENT
MISSILE ANCILLARY HARDWARE
SUBTOTAL NONRECURRING
Total FLYAWAY COST
GROUND SUPPORT EQUIPMENT
LAUNCHER
LAUNCH CONTROL CENTER
ENGINEERING CHANGE ORDERS
SUBTOTAL GSE
OTHER COSTS
PECULIAR SUPPORT EQUIPMENT
SPECIAL HANDLING EQUIPMENT
TRAINING EQUIPMENT
PUBLICATION & TECHNICAL DATA
ENGINEERING CHANGE ORDERS
SUBTOTAL OTHER
Total WEAPON SYSTEM
Less PY Advanced Procurement
Net P-1 FULL FUNDING COST
(Must equal FY amount on the P-40)
Plus CY Advanced Procurement
Other Non P-1 Weapon System Costs
Spares (Initial & WRSK)
Mods
Facilities
TOTAL
FOUR YEAR FUNDING PROFILE (PY, CY, BY1, BY2)
COMPONENT LEVEL: QUANTITY, UNIT COST & TOTAL COST
Does the quantity match the P-40?
Is the unit cost computed properly? Does it match the P-5a?
Does the unit cost reflect learning curve?
Does the total cost match the P-40?
P-5 FLYAWAY DOES NOT INCLUDE DEVELOPMENT COST
Do the subtotals and totals add properly?
SEPARATE P-40 FOR ADVANCE PROCUREMENT
Are the page #s correct for the total package?
Are the page #s correct for this P Form?
Is the P-1 Line Item #correct?
P-1 Shopping List Item No.
Page of Pages
Exhibit P-5 Page of Pages

P - 5A PROCUREMENT HISTORY & PLANNING

- Contract history
- Name of contractor
- Contract method & type
- Contract agency
- Contract award date
- Date first item delivered to government
- Total service program quantity
- Hardware unit cost
- Status of specification
- Remarks

BUDGET PROCUREMENT HISTORY & PLANNING

EXHIBIT P - 5A

Set by higher HQ

A. DATE:

B. APPROPRIATION / BUDGET ACTIVITY

Proper Appropriation & Budget Activity?

C. P-1 ITEM NOMENCLATURE

Full & proper name?
Standard Study Number correct?

LINE ITEM FISCAL YR	CONTRACTOR	CONTRACT METHOD & TYPE	CONTRACTED BY	AWARD DATE	DATE OF FIRST DELIVERY	QUANTITY	UNIT COST $ THOUSND	SPECS AVAILABLE NOW	SPEC REV REQ'D	IF YES, WHEN AVAILABLE

Is the Line Item # correct?
Is the Fiscal Year correct?

Is the name of Prime (Other major) Contractor correct?

Is the contract Method & Type appropriate?
SS = Sole Source C = Competitive
FP = Fixed Price, FPI, FFP; CPIF = Cost Plus Incentive fee, CPAF
M-5(2) = 5 Year Multiyear, Second Year

Is the organization who will award the contract correct?

Contract Award Date consistant with P-21?
Award should not be later than 2 nd Quarter.
Option awards not later than 1 st Q.

Is the date of first delivery consistent with the P-21 production lead time?

Is the quantity consistent with the P-40 & P-5?

Is the unit cost consistent with the P-40 & P-5?

Are the specs available in time for competitive contract? Revision?

REMARKS

Is there an explanation for Sole Source?
Is there an explanation for any specification issue?

Is the item # correct?

Are the page #s correct for the total package?

Are the page #s correct for this P Form?

P-1 Shopping List Item No.	Page of Pages	Exhibit P-5A Page of Pages

P - 21
PRODUCTION SCHEDULE

- Production rate information
- Biennial budget year quantities
- Delivery schedule by month
- Procurement rate information
- Procurement lead times
- Remarks block to explain all abnormalities

REPORTS CONTROL SYMBOL
DD-COMP(AR) 1092

PRODUCTION SCHEDULE

DATE:

Does this date support BES or PB?

APPROPRIATION / BUDGET ACTIVITY

Proper Appropriation & Budget Activity?

P-1 ITEM NOMENCLATURE

Full & proper name?
Standard Study Number correct?

Are the years correct?

FACILITY NO	U/M	SERV	PROGRAM QUANTITY FY 93	FY	FY	FY	FY	FY	ACCEPT PRIOR TO 1-Oct	BAL DUE AS OF 1-Oct	FISCAL YEAR PY / PY-1 / CALENDAR YEAR PY: OCT NOV DEC JAN FEB MAR APR MAY JUN	FISCAL YEAR CY / CALENDAR YEAR CY: JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN	FISCAL YEAR BY1 / CALENDAR YEAR BY1: JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN	JUL AUG SEP	LATER
#5	#6	#7	←		#4		→		#8	#9	←	#10		→	#12

#5 SEPARATE ENTRY FOR EACH FACILITY PRODUCING SYSTEMS.

#6 IDENTIFY UNIT OF MEASURE IF OTHER THAN EACH.

#7 IDENTIFY SERVICE: A =ARMY, N =NAVY, AF =AIR FORCE, MC =MARINE CORPS, FMS =FOREIGN MILITARY SALES.

#4 PROVIDE QUANTITY DATA FOR UNDELIVERED PY, CY, BY1 & BY2 PROGRAMS.

Do the quantities match the P-40, P-5 & P-5a?

#8 TOTAL QUANTITIES DELIVERED THROUGH 30 SEPTEMBER FOR EACH PROGRAM.

#9 TOTAL QUANTITIES UNDELIVERED THROUGH 30 SEPTEMBER FOR EACH PROGRAM.

Does #8 & #9 add to the program quantities in #4?

#10 DELIVERS BY MONTH FOR EACH PROGRAM.

Do the monthly deliveries add to the program quantities in #4?
Does the month of first delivey match the P-5a?
Do the deliveries extend over not more than a 12 month delivery period?
Do the monthly deliveries exceed the 1-8-5 rate or the monthly maximum?
Do the monthly deliveries fall below the minimum monthly rate?

UNDELIVERED QUANTITIES FOR THIS PROGRAM. ATTACH ANOTHER P-21. #12

Do the monthly deliveries +the "LATER" add to program quantities in #4?

PRODUCTION RATES

#13 MONTHLY RATES. #18 MONTHS TO GO FROM 1-8-5 TO MAXIMUM RATE.

PROCUREMENT LEAD TIME

#19 TIME, IN MONTHS, FROM RELEASE OF RFP TO AWARD OF CONTRACT.

#20 TIME, IN MONTHS, FROM AWARD OF CONTRACT TO FIRST DELIVERY.

Does this match the P-5a?

#14 SUM OF ADMIN LEAD TIME AFTER 1-OCT AND MANUFACTURING TIME.

Is the addition correct??

		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
TOTAL MONTHLY PRODUCTION		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FACILITY NO	MANUFACTURERS NAME & LOCATION	#13 PRODUCTION RATES MINIMUM	1/8/5	MAXIMUM	MONTHS TO REACH MAX AFTER D DAY	#19 PROCUREMENT LEAD TIME	ADMIN LEAD TIME PRIOR 1-Oct	ADMIN LEAD TIME AFTER 1-Oct	MANUFACTURING TIME	TOTAL AFTER 1 OCT	REMARKS
SAME	SAME AS P-22a		1 SHIFT/8 HOURS		#18						
AS #5.			5 DAYS			INITIAL			#20	#14	
						REORDER					

Is the item # correct?

Are the page #s correct for the total package?

Are the page #s correct for this P Form?

DD FORM 2446-1, JUL 87

P-1 SHOPPING LIST ITEM NO

PAGE NO OF

Page of Pages

EXHIBIT P-21